This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading healthcare company in the PRC with business operations strategically covering multiple important segments in the healthcare industry value chain. We are one of the top five domestic pharmaceutical companies[1] in the PRC by revenue from the pharmaceutical manufacturing segment in 2011, according to IMS[2]. Our business segments include pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services[3], and diagnostic products and medical devices. We are a public company in the PRC with our headquarters located in Shanghai. Our A Shares have been listed on the Shanghai Stock Exchange since August 1998. As at the Latest Practicable Date, our market capitalization was RMB20,834.1 million.

The following table sets forth the external segment revenue and the external segment gross profit generated from each of our business segments and as a percentage of our total revenue and total gross profit for the periods indicated:

	Year ended 31 December												Six months ended 30 June							
	2009				2010				2011				2011				2012			
	External segment revenue (RMB)	% total revenue	External segment gross profit (RMB)	% total gross profit	External segment revenue (RMB)	% total revenue	External segment gross profit (RMB)	% total gross profit	External segment revenue (RMB)	% total revenue	External segment gross profit (RMB)	% total gross profit	External segment revenue (RMB)	% total revenue	External segment gross profit (RMB)	% total gross profit	External segment revenue (RMB)	% total revenue	External segment gross profit (RMB)	% total gross profit
														(unaudited)						
	(in millions, except for percentage)																			
Pharmaceutical manufacturing	2,307.1	59.9	968.5	78.1	2,837.9	62.7	1,234.3	79.9	3,830.8	59.6	1,815.8	74.4	1,771.8	57.5	756.4	72.1	2,175.9	62.8	1,179.3	77.1
Pharmaceutical distribution and retail	1,054.0	27.4	111.9	9.0	1,146.4	25.3	115.7	7.5	1,436.0	22.3	197.1	8.1	738.8	24.0	90.7	8.6	692.7	20.0	101.5	6.6
Healthcare services[i]	—	—	—	—	—	—	—	—	11.3	0.2	2.9	0.1	—	—	—	—	77.9	2.2	20.5	1.4
Diagnostic products and medical devices	315.5	8.2	145.3	11.7	392.4	8.7	176.8	11.5	1,049.3	16.3	419.2	17.2	516.7	16.8	195.4	18.6	511.0	14.8	226.7	14.8
Other business operations[ii]	173.7	4.5	13.9	1.2	152.1	3.3	17.4	1.1	105.2	1.6	6.4	0.2	52.4	1.7	6.6	0.6	6.6	0.2	1.3	0.1
Total	3,850.3	100.0	1,239.6	100.0	4,528.8	100.0	1,544.2	100.0	6,432.6	100.0	2,441.4	100.0	3,079.7	100.0	1,049.1	100.0	3,464.1	100.0	1,529.3	100.0

(i) As at the Latest Practicable Date, we beneficially held an 18.52% equity interest in Chindex. Chindex's financial accounts are not consolidated into our Group's financial statements. We have acquired a 70% equity interest in Jimin Cancer Hospital, and its accounts have been consolidated into our Group's financial statements since 31 October 2011. As at the Latest Practicable Date, we also beneficially held a 55% equity interest in Guangji Hospital, whose accounts have been consolidated into our Group's financial statements since 31 December 2011.

(ii) Revenue from other business operations is mainly generated from our other non-core business operations, such as exports of non-pharmaceutical products through Science & Technology Imp. & Exp. We disposed of our equity interest in Science & Technology Imp. & Exp. in November 2011.

Notes:

(1) Includes only companies that are actually controlled by PRC citizens or entities.

(2) IMS data reflects purchases of drugs by hospitals with more than 100 beds at hospital purchase price (representing approximately 60% of the overall hospital market in terms of revenue according to IMS) instead of consumption by individual patients at retail prices. IMS data is projected for the market based on statistical analysis and actual data from hospitals on its panel.

(3) We participated in the healthcare services business through investment in Chindex prior to October 2011 and through our subsidiaries and our investment in Chindex since October 2011.

Pharmaceutical Manufacturing

Overview

As at 30 June 2012, we had obtained manufacturing permits for 1,002[(4)] pharmaceutical products, and currently produce 625 drugs. As at 30 June 2012, 477 of our pharmaceutical products, including all 19 of our major prescription drugs, were included in the National Medical Insurance Drugs Catalog, and an additional 122 of them are included in the Provincial Medical Insurance Drugs Catalogs. In terms of sales in 2011, a number of our pharmaceutical products in various therapeutic areas, including metabolism and alimentary tract, cardiovascular system, central nervous system, blood system and anti-infection, enjoyed leading positions in their respective market segments in the PRC. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, revenue from our 22 major products[(5)], including the aforementioned 19 major prescription drugs, contributed 65.8%, 70.4%, 73.7% and 76.2%, respectively, of the external revenue of our pharmaceutical manufacturing segment for the respective periods. See the table from page 171 to page 174 in the section "Business — Our Business Segments — Pharmaceutical Manufacturing — Products" for details.

Research and development

Our research and development activities focus primarily on innovative drugs, biopharmaceutical generic drugs and first-to-market chemical generic drugs in a number of major therapeutic areas, including metabolism and alimentary tract, cardiovascular system, oncology, central nervous system and anti-infection. We have built a strong research and development team. As at 30 June 2012, our research and development team had a total of 584 research and development personnel, including engineers, pharmacists and other professionals with diversified educational backgrounds and experiences. We believe we have one of the largest research and development teams among pharmaceutical companies in China. As at 30 June 2012, we had over 100 pipeline products. A part of our research and development efforts and investments is focused on generic products, from which the majority of our revenue in the pharmaceutical manufacturing segment is derived. We expend significant investment and effort on the development of new prescriptions and production techniques for generic drugs. Our research and development activities on generic drugs focus on conducting clinical studies to test the effectiveness of the drugs as well as pharmaceutical manufacturing techniques and operational improvements. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, sales of our generic drugs accounted for 59.1%, 61.5%, 63.9% and 71.8%, respectively, of the external segment revenue of our pharmaceutical manufacturing segment. During the Track Record Period, our internally developed major products, namely, Atomolan tablets, Ke Yuan, Bang Tan, Bang Zhi, You Di Er, Eluzer and Shaduolika, accounted for 11.3%, 10.4%, 8.8% and 11.4% of our revenue from major products for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. During the Track Record Period, our research and development expenditures, which include research and development expenses and capital expenditure to improve production capacity and efficiency, on average accounted for 8% to 10% of the external revenue of our pharmaceutical manufacturing segment. See "Business — Our Business Segments — Pharmaceutical Manufacturing — Research and Development" from page 183 to page 190 for details of our research and development team and activities.

Notes:

(4) Due to differences in dosage and specification, one product may have multiple manufacturing permits.

(5) We use a set of criteria in selecting our major products, which include sales contribution, market potential and brand reputation.

Distribution of pharmaceutical products

As at 30 June 2012, our sales team comprised over 1,500 sales representatives. Our pharmaceutical products were also distributed through over 2,000 distributors in the PRC. We generally enter into annual distribution agreements with our third party distributors. These distributors are generally liable for any breach by them of the relevant distribution agreements and are responsible for indemnifying us for damages as a result of any such breach. We may reduce or terminate price discounts and other preferential treatment given to distributors who fail to meet our sales volume targets, or terminate such distributors' appointment if they continue to fail to meet the targets, though our distribution agreements do not contain terms that impose any fine or penalty in respect of any such failure. However, during the Track Record Period, we did not impose any material reduction on price discounts or other preferential treatment, nor did we terminate any price discounts or other preferential treatment given to any distributors, nor did we terminate any distribution agreement due to the failure of any distributor to meet the sales volume targets under its distribution agreement, where the result of such action might have had a negative material impact on our financial condition or results of operations. See "Business — Our Business Segments — Pharmaceutical Manufacturing — Sales and Marketing" from page 193 to page 196 for the salient terms of the distribution agreements. Our standard distribution agreements entitle us to terminate the distribution right of our distributors if the distributor sells outside its designated geographic areas.

Nevertheless, we have limited control over these third party distributors. See "Risk Factors — Risks Relating to Our Businesses and Industries — We sell our pharmaceutical, diagnostic products and medical devices primarily through third parties and have limited control over their practices" from page 60 to page 61 in this prospectus for further information. In addition to sales in the PRC, we also export certain of our finished products, APIs and intermediate products to overseas markets, including the U.S., Europe, and certain African countries.

Production standards

For the pharmaceutical products manufactured by our pharmaceutical manufacturing segment and sold in the PRC markets, we are only required to obtain, and we have obtained, GMP certifications in accordance with the standards set forth under the Law of the People's Republic of China on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》). For the pharmaceutical products manufactured by our pharmaceutical manufacturing segment and sold in the international markets, we are required to obtain, and we have obtained, the GMP certifications required under the regulations and standards in such markets. See "Business — Quality Control — Pharmaceutical Manufacturing" from page 219 to page 223 for details on a comparison of the GMP standards in the PRC and certain international markets and how we comply with key aspects of these standards.

Procurement of supplies

The principal raw materials used for the production of our pharmaceutical products are the necessary active ingredients mainly sourced from suppliers from the PRC. We generally do not have long-term contracts with our major suppliers for our pharmaceutical business operations.

Product liability insurance

From 2009 to 2011, we maintained product liability insurance for all products manufactured or sold by our subsidiaries Shine Star, Huaiyin Medical, Carelife Pharma and Guilin Pharma. The product liability insurance covers personal injuries, diseases, death and loss of property resulting from the use, consumption or operation of the products of these subsidiaries globally. We significantly expanded the scope of our product liability insurance coverage in 2012. Our product liability insurance policy is now more product-oriented, and it now covers a significant portion of our major products. See "Business — Insurance" from page 232 to page 233 for details of the scope of our product liability insurance coverage. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, revenue generated from the pharmaceutical products covered by product liability insurance for the same periods accounted for 42.3%, 36.2%, 33.3% and 51.7%, respectively, of the external revenue of our pharmaceutical manufacturing segment. Save as disclosed in this prospectus, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material safety and quality problems with our products that were reported by our customers or relevant government authorities, and we were not subject to any material product liability or legal claims due to the quality of our pharmaceutical products. However, if any of our products are alleged to be harmful, we may experience reduced sales of the products manufactured or distributed by us and may have to recall these products from the market. Any claims against us or any product recalls, regardless of merit, may strain our financial resources and consume the time and attention of our management. If any claims against us are successful, we may incur monetary liabilities, and our reputation may be severely damaged. See "Risk Factors — Risks Relating to Our Businesses and Industries — We may incur losses resulting from product liability claims or product recalls." from page 70 to page 71 for more details.

Production facilities

As at 30 June 2012, we had a total of 148 production lines at our 18 production facilities throughout China, which were located in Shanghai, Chongqing, Liaoning, Hubei, Guangxi, Hunan, Guangdong, Jiangsu, Hebei and Sichuan. As at 31 December 2011, our designed production capacities for tablets and capsules, injections and small volume parenteral solutions, powder injections and API and intermediate products were 14.7 billion units, 160.3 million units, 284.4 million units and 106.3 thousand tonnes, respectively, and our utilization rates for these product forms were 50.3%, 84.7%, 63.7% and 97.1%, respectively.

Pharmaceutical Distribution and Retail

Our pharmaceutical distribution and retail business is conducted primarily through our interest in our associated company, Sinopharm, and through our network of retail pharmacies which we operate directly or by franchise.

Our interest in Sinopharm

In January 2003, Shanghai Fosun Industrial Investment and CNPGC jointly established Sinopharm, with 49% and 51% equity interests, respectively. In May 2004, Shanghai Fosun Industrial Investment transferred its 49% equity interest in Sinopharm to our Group. As at the Latest Practicable Date, we beneficially held a 32.1% equity interest in Sinopharm[(6)]. Sinopharm has experienced significant growth since its establishment. According to public information released by Sinopharm, it was the largest pharmaceutical distributor in China in 2011 in terms of the market share and geographical coverage of its distribution network. Sinopharm is listed on the Hong Kong Stock Exchange. As at the Latest Practicable Date, Sinopharm's market capitalization was RMB51,669.7 million.

Notes:

(6) Sinopharm's financial accounts have not been consolidated into our Group's financial statements and we have accounted for our equity investments in Sinopharm using the equity method of accounting.

The sales of our pharmaceutical products that were distributed through Sinopharm's distribution network amounted to RMB67.8 million, RMB165.9 million, RMB297.4 million and RMB199.1 million in 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. This represented 2.9%, 5.8%, 7.8% and 9.2% of our external revenue of the pharmaceutical manufacturing segment in 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. We expect this percentage to continue to increase as our business cooperation with Sinopharm further strengthens.

In addition, as the second largest beneficial shareholder of Sinopharm, we have shared Sinopharm's rapidly growing profits. Our net profits generated from our share of profits in Sinopharm Investment, the controlling shareholder of Sinopharm, amounted to RMB352.7 million, RMB390.3 million, RMB509.2 million and RMB305.9 million in the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively.

Pharmaceutical retail

We have also developed a network of retail pharmacies, which we operate either directly or by franchise under the names "Golden Elephant Pharmacy", primarily in Beijing, and "For Me Pharmacy" in Shanghai. As at 30 June 2012, our retail pharmacy network included a total of 670 retail pharmacies, of which we directly operated 146 pharmacies and our franchisees operated 524 pharmacies. Our franchise agreements typically last for three to five years, but can be extended or renewed by mutual agreement.

Distribution and retail standards

We adopt and implement quality control measures for our pharmaceutical distribution and retail business by strictly following the Law of the People's Republic of China on the Administration of Pharmaceuticals (《中華人民共和國藥品管理法》) and the State GSP Standards under the Administrative Measures for Certification of Good Supply Practices (《藥品經營質量管理規範認證管理辦法》). See "Business — Quality Control — Pharmaceutical distribution and retail" on page 227 for details on the PRC GSP standards and how we comply with the key aspects of these standards.

Healthcare Services

As the first step to enter the premium healthcare services market, we acquired an equity interest in Chindex, which focuses on providing premium healthcare services in China. Chindex primarily operates the United Family Hospitals, which provide premium healthcare services in Beijing, Shanghai, Tianjin and Guangzhou. As at the Latest Practicable Date, we held an 18.52% equity interest in Chindex and was its single largest shareholder. We entered the specialty healthcare services market by establishing Jimin Hospital Management in July 2011. We held a 70% equity interest in Jimin Hospital Management as at the Latest Practicable Date. Through Jimin Hospital Management, we manage Jimin Cancer Hospital, an oncology hospital located in Hefei, Anhui Province, which had 200 beds as at 30 June 2012. We also acquired a 70% equity interest in Jimin Cancer Hospital in October 2011. For the year ended 31 December 2011, Jimin Cancer Hospital recorded revenue of RMB48.8 million and net profit of RMB8.9 million, and its facility utilization rate was 96.7%(7). Since December 2011, we have further operated a general hospital, Guangji Hospital, which is located in Yueyang, Hunan province.

Notes:

(7) The utilization rate is calculated by using the following formula: number of patients per year/((30 days per month/average number of days a patient stays in our hospital) x number of beds x 12 months) = 5,800/((30/12) x 200 x 12) = 96.7%. The number of patients per year and average number of days a patient stays in our hospital are assumptions we made based on operating statistics.

Diagnostic Products and Medical Devices

Diagnostic products

We engage in the research and development, manufacturing, and sales and marketing of diagnostic reagents and equipment. As at 30 June 2012, we manufactured a total of 130 types of diagnostic reagents and equipment, including those for biological, immune system, molecular and microbiological diagnostic purposes.

Our production facilities for diagnostic products are located in Shanghai and Shenzhen. As at the Latest Practicable Date, our annual production capacities for diagnostic products consist of (i) 123.70 million units of biochemical and immunologic diagnostic reagents comprising 94 million units of biochemical diagnostic reagents and 29.70 million units of immunologic diagnostic reagents; (ii) 3.7 million units of BIOFOSUN microbe identification and drug sensitivity testing systems; and (iii) equipment such as 22.40 million units of PCR microbial diagnosis reagent boxes and 4,690 sets of high power microscopes. For the years ended 31 December 2009, 2010 and 2011, the utilization rate of our production facilities for diagnostic products was 86.2%, 90.8% and 86.8%, respectively. We primarily distribute our diagnostic reagents and equipment in China through an extensive nationwide network of Independent Third Party wholesale distributors covering 20 provinces, autonomous regions and municipalities in China.

Medical devices and consumables

We engage in the research and development, manufacturing, and sales and marketing of blood transfusion equipment and surgical consumables, as well as the distribution of imported high-end medical equipment.

We have two production facilities located in Shanghai and Jiangsu Province, with two production lines for the manufacturing of blood transfusion equipment and consumables and surgical instrument consumables. As at 30 June 2012, our annual production capacity of surgical blades was 130 million units, our annual production capacity of suture kits was approximately over 56 million units and our annual production capacity of blood transfusion consumables was five million units.

We sell our medical consumable products in the PRC primarily through Independent Third Party distributors, who then distribute our products to hospitals and blood centers through their own sales teams (including delivery of products and collection of payments).

In December 2010, we acquired a 51% equity interest in CML. The remaining 49% equity interest in CML is held by Chindex. CML is primarily engaged in the production and sale of medical devices and consumables and the distribution of high-end medical equipment. As at the Latest Practicable Date, we were the head regional distributor in China for various high-end imported medical equipment, such as those of Intuitive Surgical's da Vinci Surgical System.

Acquisitions and strategic investments

During the Track Record Period, we expanded rapidly through organic growth, acquisitions and strategic investments. We acquired and consolidated Fuji Medical in 2009, Hexin Pharma, Yaneng Bioscience, Moluodan Pharma, Golden Elephant Pharmacy, Shenyang Hongqi Pharma and CML in 2010 and Aohong Pharma, Dalian Aleph, Jimin Cancer Hospital and Guangji Hospital in 2011. Meanwhile, as part of our strategy to streamline our pharmaceutical distribution business, we disposed of our equity interests in Zhejiang Fosun to Sinopharm in June 2011. In order to focus on the healthcare industry, we disposed of our equity interests in Science & Technology Imp. & Exp. to an Independent Third Party in November 2011.

Our strategic investments refer to our holding of minority interests in a number of companies, which include Sinopharm. While we generally prefer to acquire a majority stake in target companies with an aim to integrate the acquired companies into our own business operations, we also consider acquiring a minority stake in target companies when circumstances do not permit an immediate take-over of these companies. Nonetheless, we have in the past invested in companies in other industries that we considered to have sound financial performance and/or attractive valuations.

There are a number of investment criteria we take into consideration in general, including but not limited to: (i) whether the investment target is in a promising industry with favorable fundamentals under the prevailing macroeconomic environment, (ii) whether the investment target is able to demonstrate a sound operating and financial track record or prove its growth potential, and (iii) whether the valuation of the investment target is attractive compared with the industry average or meets the minimum internal rate of return as stipulated by our investment management committee. During the Track Record Period, we endeavored to dispose of equity investments that are not related to our core businesses. Going forward, we plan to continue to focus on investments in the pharmaceutical, healthcare services and other healthcare-related industries. As a shift in our business strategies, we no longer intend to make any significant equity investments in companies of unrelated industries and instead will focus solely on acquisitions in the healthcare and related industries. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we recorded a share of profits of associates of RMB436.8 million, RMB546.3 million, RMB633.2 million and RMB378.7 million, respectively, which accounted for 17.5%, 63.3%, 54.3% and 54.0% of our net profits attributable to owners of the parent, respectively. As part of our business strategy, we actively seek to accelerate our growth through acquisitions and strategic investments. We plan to continue to acquire equity interests in companies in the pharmaceutical industry with excellent operational track records to capitalize on opportunities resulting from such business expansion. Due to these reasons, we may continue to derive revenue from acquired businesses in the future.

Acquisitions and investments expose us to a number of risks. See “Risk Factors — Risks Relating to Our Businesses and Industries — We may not be able to successfully identify acquisition targets or complete acquisitions or integrate the acquired businesses” from page 62 to page 63 in this prospectus for further information.

The following table sets forth our revenue, gross profit and gross profit margin from our organic growth, from acquired businesses and from disposed businesses for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
				(unaudited)	
	(in thousands of RMB, except percentages)				
Revenue*	3,850,312	4,528,773	6,432,589	3,079,680	3,464,107
From organic growth	3,432,947	3,980,259	4,525,012	2,207,651	2,415,109
From acquired businesses	17,863	136,826	1,696,601	707,574	1,048,998
From disposed businesses	399,502	411,688	210,976	164,455	—
Cost of sales	2,610,665	2,984,561	3,991,147	2,030,534	1,934,832
From organic growth	2,224,879	2,521,101	2,785,923	1,390,847	1,400,851
From acquired businesses	14,288	83,395	1,009,739	487,430	533,981
From disposed businesses	371,498	380,065	195,485	152,257	—
Gross profit	1,239,647	1,544,212	2,441,442	1,049,146	1,529,275
From organic growth	1,208,068	1,459,158	1,739,089	816,804	1,014,258
From acquired businesses	3,575	53,431	686,862	220,144	515,017
From disposed businesses	28,004	31,623	15,491	12,198	—
Gross profit margin	32.2%	34.1%	38.0%	34.1%	44.1%
From organic growth	35.2%	36.7%	38.4%	37.0%	42.0%
From acquired business	20.0%	39.1%	40.5%	31.1%	49.1%
From disposed business	7.0%	7.7%	7.3%	7.4%	—

* Revenue from acquired businesses included revenue from businesses that we acquired during the Track Record Period, which include Fuji Medical, Hexin Pharma, Yaneng Bioscience, Moluodan Pharma, Golden Elephant Pharmacy, Shenyang Hongqi Pharma, CML, Aohong Pharma, Dalian Aleph, Jimin Cancer Hospital and Guangji Hospital. Revenue from disposed businesses included revenue from businesses that we disposed of during the Track Record Period, which include Zhejiang Fosun and Science & Technology Imp. & Exp. Revenue from organic growth is the revenue from businesses other than those acquired or disposed of by us during the Track Record Period.

For details of the acquired businesses, see "History and Development — Our Business Development" from page 144 to page 146 in this prospectus.

Price Controls

A substantial portion of the pharmaceutical products manufactured by us are included in the National Medical Insurance Drugs Catalog and are subject to retail price controls imposed by the PRC government in the form of fixed prices or maximum retail prices. In addition, products included in the Provincial Medical Insurance Drugs Catalogs are also subject to governmental price controls in the relevant provinces.

In the PRC, eligible participants in the governmental basic medical insurance program who purchase drugs listed in the National Medical Insurance Drugs Catalog and/or the Provincial Medical Insurance Drugs Catalogs are entitled to reimbursement from the social medical insurance fund. This reimbursement is up to the entire cost of medicines that are included in such catalogs, and for this reason, hospitals in China frequently order medicines included in the catalogs for their patients. As a result, a pharmaceutical product included in the National Medical Insurance Drug Catalog and/or the Provincial Medical Insurance Drug Catalogs is generally more attractive to hospitals and end customers, and it is critical for a pharmaceutical producer in China to have its products included in these catalogs. The hospital purchase prices and our selling prices to distributors of such pharmaceutical products are directly or indirectly affected by the retail price controls.

Our revenue and profitability may be materially and adversely affected by price controls. See "Risk Factors — Risks Relating to Our Businesses and Industries — Each of our business segments, including a substantial proportion of the pharmaceutical products manufactured and distributed by us, is subject to government price controls or other price restrictions in the PRC" from page 55 to page 56 and "Regulatory Overview — Price Controls" from page 129 to page 132 in this prospectus for additional information.

We expect the proportion of revenue contributed from such pharmaceutical products subject to price controls to remain relatively stable in the foreseeable future because we will continue to manufacture products that we expect to have high growth potential, and which may or may not be subject to price controls. Pharmaceutical products that are not subject to price controls may have higher gross profit margins, but they may not be as popular among hospitals and end customers as similar or substitutable drugs that are subject to price controls because they are not subject to reimbursement by the social medical insurance fund.

Other than pharmaceutical products, the PRC government maintains a high level of involvement in the determination of prices of diagnostic products and medical devices, and public hospitals and healthcare institutions in China are required to purchase high value medical equipment and other supplies at prices determined through a periodic tender process.

The following table illustrates the impact of price controls on each of our business segments:

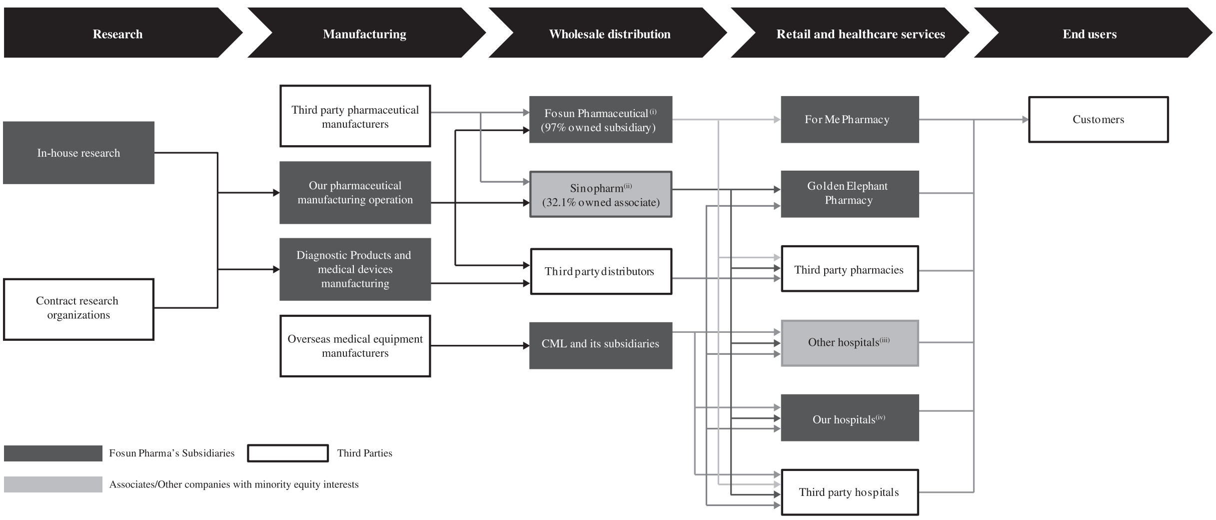
	Current Impact	Description of Impact
Pharmaceutical Manufacturing	Yes	• Revenue from our pharmaceutical products subject to price controls under the National and Provincial Medical Insurance Drugs Catalogs accounted for 38.8%, 42.4%, 42.3% and 48.2% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. During the Track Record Period and up to the Latest Practicable Date, the prices of our pharmaceutical products have been subject to the following government stipulated changes: • In March 2011, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting 11 of our products, including three major products, Xin Xian An, Bang Tan and Xi Chang. Revenue from the sale of the three major products collectively accounted for 2.6%, 6.5%, 5.0% and 5.2% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively.

	Current Impact	Description of Impact
		• In August 2011, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting five of our products, including one major product, Wan Su Ping, which collectively accounted for 2.4%, 2.3%, 2.1% and 1.9% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. • In March 2012, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting one of our major products, Atomolan which accounted for 7.8%, 8.7%, 7.5% and 7.9% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. • In September 2012, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting ten of our products, including three major products, Bang Ting, Su Ke Nuo and Yi Bao. Revenue from the sale of the three major products collectively accounted for 2.1%, 3.3%, 3.7% and 5.7% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. See "Regulatory Overview" starting on page 121 for details. • The above adjustments had limited impact on our revenue and gross profit margin because during the Track Record Period and up to the Latest Practicable Date for most of our products affected by the abovementioned NDRC price adjustments, the revised maximum retail prices and the implied maximum hospital purchase prices were still higher than our actual successful bid prices during the statutory tender process at the time.
Pharmaceutical Distribution and Retail	Yes	• Fosun Pharmaceutical may not sell drugs that are subject to price controls to third party customers at prices higher than the government stipulated maximum prices, and the profit margins of these drugs may be relatively lower than those that are not subject to price controls. • Our retail pharmacies under the "Golden Elephant Pharmacy" and "For Me Pharmacy" brands may only sell drugs that are subject to price controls to end customers at prices that are lower than the government stipulated maximum prices.
Healthcare Services	Yes	• Our own hospitals may not procure and sell drugs, diagnostic products and medical devices under price control to end customers at prices that are higher than the maximum prices.
Diagnostic Products and Medical Devices	No	• The diagnostic products and medical devices that we currently manufacture are mainly diagnostic reagents and equipment, blood transfusion equipment and surgical consumables, which are not included in the National and Provincial Insurance Drugs Catalogs and therefore are not subject to price control. • Nevertheless, in case we produce other diagnostic products and medical devices that may be subject to price control, price control could affect our diagnostic products and medical devices segment as well.

We seek to further mitigate the impact of the price reductions through technological innovation, expansion of production to achieve economies of scale, adjustment of product portfolio, and research and development of new higher-end products.

Business Operation Flow Chart

The following chart illustrates the product and revenue flows of our business segments in the healthcare industry value chain. See "Business — Our Business Strategies" starting on page 164 for disclosure of our future business integration plans.



(i) The vast majority of our pharmaceutical products are distributed through third party distributors. Sales from pharmaceutical manufacturing subsidiaries to Fosun Pharmaceutical (accounted for as inter-segment sales and eliminated on consolidation) are limited. Fosun Pharmaceutical procures most of its products from third parties. See "Business — Our Business Segments — Pharmaceutical Distribution and Retail" on page 167 in this prospectus for additional information.

(ii) The sale of our pharmaceutical products that were distributed through Sinopharm's distribution network represented 2.9%, 5.8%, 7.8% and 9.2% of the external revenue of our pharmaceutical manufacturing segment in 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. We expect this percentage to continue to increase as our business cooperation with Sinopharm further strengthens.

(iii) Other hospitals include United Family Hospitals, operated by Chindex in which we had an 18.52% equity interest as at the Latest Practicable Date.

(iv) Our hospitals include hospitals in which we hold a majority equity interest, such as Jimin Cancer Hospital and Guangji Hospital.

OCCURRENCES OF SIDE EFFECTS OF SHADUOLIKA

In August and September 2012, we recalled certain batches of Shaduolika, one of our major products[8], due to reported occurrences of side effects experienced by certain patients in several hospitals in Anhui and Jiangsu provinces and Guangxi Zhuang Autonomous Region. The recall was due to the fact that after receiving injections of these batches of Shaduolika, a total of 32 patients experienced shivering, allergy-like reactions, fever and other mild symptoms of side effects. We had also voluntarily suspended the production of Shaduolika and are currently conducting our own investigation into the production of Shaduolika. Based on our investigations, we will ensure that any production problems that may have caused a quality issue with our Shaduolika products are identified and fully rectified and that the safety of this product is thoroughly tested and verified prior to resuming the production and sale of Shaduolika.

On 25 September 2012, we received an administrative penalty decision issued by the Chongqing branch of SFDA. The decision indicated that a batch of Shaduolika product that were reported to have caused side effects contains excessive level of bacterial endotoxins and therefore failed to meet the applicable quality requirements. Pursuant to the administrative penalty decision, the government authorities disgorged our revenue of RMB9,282 from the sale of the defective batch of Shaduolika products, confiscated all of our recalled Shaduolika products from this defective batch, and imposed a fine of RMB280,730.90, which was equivalent to the value of the defective batch of Shaduolika products, on Yao Pharma, the manufacturer of Shaduolika. To the best knowledge of our Company, as at the Latest Practicable Date, the 32 patients that experienced side effects arising from receiving the injections of Shaduolika have either fully recovered or shown symptoms from the side effects alleviated and no product liability claims had been brought against us for damages in connection with any occurrence of side effects of Shaduolika. In addition, as at the Latest Practicable Date, we had not received any notification from any of the hospitals that reported the occurrences of side effects of Shaduolika that product liability claims were brought against any of these hospitals. We do not maintain product liability insurance for Shaduolika. The foregoing occurrences and the related negative publicity may adversely affect our business reputation and the sale of our Shaduolika or other pharmaceutical products. Considering the revenue contribution of our Shaduolika products, which accounted for approximately 2.9%, 2.7%, 2.1% and 2.9% of our external revenue of the pharmaceutical manufacturing segment for the three years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively, we do not expect that the foregoing occurrences will have a material adverse impact on our financial results. See "Risk Factors — Risks Relating to Our Businesses and Industries — We may incur losses and our reputation may be adversely affected by potential product liabilities relating to certain products that we manufactured" from page 68 to page 69 and "Business — Quality Control — Pharmaceutical manufacturing" from page 219 to page 223 for more details.

Notes:

(8) We use a set of criteria in selecting our major products, which include sales contribution, market potential and brand reputation.

RELATIONSHIP WITH SINOPHARM

As at the Latest Practicable Date, we beneficially held a 32.1% equity interest in Sinopharm and had four representatives, all of whom are non-executive directors, on Sinopharm's board of directors. These non-executive directors were (i) Mr. Chen Qiyu, our executive Director and chairman, (ii) Mr. Wang Qunbin, our non-executive Director, (iii) Mr. Liu Hailiang, our chief Supervisor, and (iv) Mr. Fan Banghan, our senior deputy general manager.

In distribution, our subsidiary Fosun Pharmaceutical is the exclusive pharmaceutical distributor for our For Me Pharmacy, which operates in the Shanghai area. Fosun Pharmaceutical also distributes products to other third party pharmacies in Shanghai and thus competes against Sinopharm's distribution business, even though it does not distribute any products outside the Shanghai area. Our competition with Sinopharm in pharmaceutical distribution in Shanghai is limited because the scale of Fosun Pharmaceutical's distribution operation is insignificant as compared to that of Sinopharm. For the six months ended 30 June 2012, Fosun Pharmaceutical's revenue from its external sales to third parties was RMB324.5 million, which was equal to only 0.5% of Sinopharm's revenue from pharmaceutical distribution operations of RMB62,889.4 million for the same period in 2012.

In retail, Sinopharm operates retail pharmacies in Shanghai and Beijing and these pharmacies compete against our For Me Pharmacy and Golden Elephant Pharmacy. As at 30 June 2012, according to data from the Beijing Municipal Drug Administration, our Golden Elephant Pharmacy was the largest single brand retail pharmacy in Beijing by number of stores. As at 30 June 2012, according to data from the Shanghai Municipal Drug Administrative Bureau, our For Me Pharmacy was the largest single brand retail pharmacy in Shanghai by number of stores. Our competition with Sinopharm in retail is limited because local governments in the PRC have regulations and guidance on retail pharmacies maintaining minimal distances from each other. As retail pharmacies derive most of their revenue from local residents, these laws and regulations have restricted and reduced the competition between our retail pharmacy network and Sinopharm's retail pharmacy network.

As a part of our strategy, we have adopted the practice of using Sinopharm's strong nation-wide distribution network and leveraging on third party distributors' strength in certain therapeutic or geographical areas to distribute pharmaceutical products efficiently across the country. We also plan to make sure Fosun Pharmaceutical, as the sole supplier of For Me Pharmacy retail chain stores, which in turn is its biggest customer, continues to focus on and strengthen its business of distribution of pharmaceutical products in Shanghai. As such, we consider the competition between our business and Sinopharm's business is insignificant.

OUR STRENGTHS

We believe the following competitive strengths contribute to our success:

- Competitive advantages in multiple segments;
- Market leading position in pharmaceutical manufacturing focusing on the largest and fastest growing therapeutic areas;
- Strong research and development capabilities with a product pipeline that is focused on generic biopharmaceutical drugs;
- Strategic partnership with Sinopharm;
- First-mover in premium, specialty and general healthcare;

- Significant experience in the acquisition and integration of pharmaceutical businesses; and
- Experienced management team.

OUR BUSINESS STRATEGIES

Our business strategies include the following:

- Expand our product portfolio through internal research and development, acquisitions and strategic alliances.
- Continue to expand and consolidate our sales and distribution network in order to realize the market potential of our products.
- Accelerate our business growth through acquisitions, strategic alliances and effective business integration.
- Further implement our global strategy to develop international resources and markets as an additional growth driver for our business.
- Continue to support the development of Sinopharm to further strengthen its leadership position in the pharmaceutical distribution industry.
- Strengthen presence and actively develop our healthcare services business.
- Continue to cultivate and recruit talented employees who are essential to our businesses, including those in sales and marketing, research and development, manufacturing, business development and corporate management.

DIVIDEND POLICY

We declared and paid approximately RMB123.8 million, RMB190.4 million and RMB190.4 million as dividends for the years ended 31 December 2009, 2010 and 2011, respectively. All these declared dividends had been settled as at the Latest Practicable Date. Our Board of Directors will determine the payment of future dividends, if any, with respect to our Shares on a per Share basis. Any dividend shall be subject to shareholders' approval. Under the PRC Company Law and our Articles of Association, all of our shareholders have equal rights to dividends and distribution. Subject to the factors discussed from page 366 to page 367 of "Financial Information — Dividend Policy", we may distribute dividend in cash or in stock for the 2012 financial year. If in cash, the dividend will be no less than 10% of the then distributable profits attributable to shareholders of the Company. The specific plan of dividend distribution will be determined at the general meeting of our Shareholders based on our actual operating results.

You should refer to "Financial Information — Dividend Policy" starting on page 366 for a detailed description of our dividend information and consider the assumptions underlying our forecast contained in "Appendix III — Profit Forecast" to this prospectus, the risk factors affecting our Company contained in the section headed "Risk Factors" starting on page 55 and the cautionary notice regarding forward-looking statements contained in the section headed "Forward-looking Statements" starting on page 53 in this prospectus.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary Consolidated Statements of Comprehensive Income Data

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
				(unaudited)	
	(in thousands of RMB)				
REVENUE	**3,850,312**	**4,528,773**	**6,432,589**	**3,079,680**	**3,464,107**
GROSS PROFIT	**1,239,647**	**1,544,212**	**2,441,442**	**1,049,146**	**1,529,275**
Other gains(i)	2,793,543	680,618	1,101,638	976,343	464,710
Share of profits and losses of:					
Jointly-controlled entities	(1,034)	(713)	(189)	(173)	(250)
Associates(ii)	436,833	546,310	633,168	323,220	378,717
PROFIT FOR THE YEAR/PERIOD	**2,567,081**	**1,000,344**	**1,385,419**	**987,826**	**857,769**
Attributable to:					
Owners of the parent	2,501,010	863,654	1,166,184	867,279	701,767
Non-controlling interests	66,071	136,690	219,235	120,547	156,002
	2,567,081	1,000,344	1,385,419	987,826	857,769

(i) See "Summary — Profits generated from associated companies and one-off gains" from page 16 to page 17 and "Financial Information — Selected Components of Our Income Statements — Other Gains" from page 318 to page 320 for an analysis of other gains.

(ii) Our net profits generated from the share of profits of Sinopharm Investment, the controlling shareholder of Sinopharm, amounted to RMB352.7 million, RMB390.3 million, RMB509.2 million and RMB305.9 million in the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. See "Financial Information — Selected Components of Our Income Statements — Share of Profits and Losses of Jointly Controlled Entities and Share of Profits and Losses of Associates" from page 321 to page 322 for an analysis of profits from jointly controlled entities and associates.

Summary Consolidated Statement of Financial Position Data

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	(in thousands of RMB)			
Non-current Assets	8,163,382	10,896,067	16,184,825	16,980,802
Current Assets	3,306,877	5,879,987	6,049,106	5,284,467
Total Assets	11,470,259	16,776,054	22,233,931	22,265,269
Current Liabilities	2,498,342	3,697,693	4,991,726	3,994,706
Non-current Liabilities	2,076,774	3,723,363	5,928,264	6,579,063
Total Liabilities	4,575,116	7,421,056	10,919,990	10,573,769
Total Equity	6,895,143	9,354,998	11,313,941	11,691,500
Total Liabilities and Equity	11,470,259	16,776,054	22,233,931	22,265,269
Net current assets	808,535	2,182,294	1,057,380	1,289,761
Total Assets Less Current Liabilities	8,971,917	13,078,361	17,242,205	18,270,563

For details of the acquired businesses, see "History and Development — Our Business Development" from page 144 to page 146 in this prospectus.

Profits Generated from Associated Companies and One-off Gains

We generate a portion of our profits from our associated companies and one-off gains. The following table illustrates our adjusted net profit attributable to owners of the parent after excluding one-off gains, share of profits and losses of jointly-controlled entities and associates, headquarters finance costs, and one-off other expenses:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
				(unaudited)	
	(in thousands of RMB)				
Net profit attributable to owners of the parent	2,501,010	863,654	1,166,184	867,279	701,767
Finance costs related to one-off gains and share of profits and losses of jointly-controlled entities and associates(i)	24,517	48,996	125,684	55,383	43,187
One-off gains	(2,783,705)	(665,874)	(1,082,086)	(968,288)	(460,912)
One-off other expenses(ii)	51,119	81,298	172,990	112,638	10,009
Share of profits and losses of jointly-controlled entities and associates	(435,799)	(545,597)	(632,979)	(323,047)	(378,467)
Including: share of profits and losses of jointly-controlled entities and associates related to our Group's core business	*(410,084)*	*(525,890)*	*(621,877)*	*(314,067)*	*(377,237)*
Taxation attributable(iii)	687,190	186,423	239,471	214,178	113,844
Amount of adjusted items above attributable to non-controlling interests	4,317	51,486	77,896	68,648	44,028
Adjusted net profit attributable to owners of the parent	48,649	20,386	67,160	26,791	73,456

(i) Finance costs related to one-off gains and share of profits and losses of jointly-controlled entities and associates represent the difference of the total finance costs of our Company and Fosun Industrial subtracting finance costs related to operating activities of these two companies. These costs are mainly attributable to the generation of one-off gains and share of profits and losses of jointly-controlled entities and associates during the Track Record Period.

(ii) One-off other expenses include provision for impairment of available-for-sale investment at cost, provision for impairment of other non-current assets, provision for impairment of other current asset and fair value loss on equity investments at fair value through profit or loss, which are related to one-off gains.

(iii) Taxation attribution is the product of the adjusted items which are subject to income tax and the tax rates applicable to each entity.

The adjusted net profit attributable to owners of the parent above is not adjusted for all expenses related to our Group's investment activities in general. It is only adjusted for the finance costs related to investment activities that directly generated the one-off gains during the Track Record Period, because the majority of the headquarters related expenses, such as headquarters administrative expenses and headquarters finance expenses, cannot be clearly identified as related to investment activities that directly generate one-off gains and share of profit from jointly-controlled entities and associates. The net profit attributable to owners of the parent adjusted for all investment related expenses in the following table is fully adjusted for all expenses related to our Group's general investment activities, which also generated the one-off gains and share of profits and losses of jointly-controlled entities and associates during the Track Record Period.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
				(unaudited)	
	(in thousands of RMB)				
Adjusted net profit attributable to owners of the parent	48,649	20,386	67,160	26,791	73,456
Other headquarters finance costs(i)	78,786	56,719	125,010	63,789	108,753
Headquarters administrative expenses(ii)	96,134	124,528	177,850	80,407	103,748
Taxation attributable(iii)	(24,525)	(23,063)	(45,996)	(21,636)	(37,276)
Amount of adjusted items above attributable to non-controlling interests	(98)	(300)	(268)	(114)	(150)
Net profit attributable to owners of the parent adjusted for all headquarters related expenses	198,947	178,270	323,756	149,237	248,531

(i) Other headquarters finance costs were headquarters finance costs minus finance costs related to one-off gains and share of profits and losses of jointly-controlled entities and associates, which were mainly attributable to our Group's investment activities.

(ii) Headquarters administrative expenses represent the administrative expenses mainly attributable to our Group's investment activities. However, certain expenses related to investment activities cannot be clearly separated from other general administrative expenses.

(iii) Taxation attribution is the product of the adjusted items which are subject to income tax and the tax rates applicable to each entity.

We cannot assure you that the one-off gains will recur in the future, or that the sizes of such one-off gains will be comparable to those we recognized during the Track Record Period. In addition, as we do not have adequate control over these associated companies, if their performance deteriorates, our results of operations may be materially and adversely affected as well. See "Risk Factors — Risks Relating to Our Businesses and Industries — We generate a portion of our net profits from our associated companies" on page 59 and "Risk Factors — Risks Relating to Our Businesses and Industries — We generate a portion of our net profits from one-off gains" on page 58 in this prospectus for additional information.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2012

We believe that on the bases and assumptions as set out in "Appendix III — Profit Forecast" to this prospectus and in the absence of unforeseen circumstances, our forecast consolidated profit attributable to owners of our Company for the year ending 31 December 2012 is expected to be not less than RMB1,490.0 million under HKFRS. Our forecast is based on the following key assumptions:

- Revenue and profit from our core pharmaceutical manufacturing business continue to grow.
- The two subsidiaries we acquired in the second half of 2011, namely Aohong Pharma and Dalian Aleph will make more contributions to our revenue and gross profits in 2012.
- The contribution of profits from Sinopharm will also increase in 2012 due to the continued growth of Sinopharm's business.
- We will continue to derive a portion of our profit from gains from the disposal of available-for-sale investments, the amount of which is forecasted based on disposals of our listed available-for-sale investments at their lowest trading prices in the last five years.

On a pro forma basis, and on the assumption that a total of 2,240,462,364 Shares were issued and outstanding (and not taking into account any H Shares that may be issued pursuant to exercise of the Over-allotment Option) during the entire year, the forecast basic earnings per Share for 2012 on a pro forma basis would be RMB0.67 (HK$0.81).

Recent Operating Environment

Subsequent to 30 June 2012 and as at 31 August 2012, our operational and financial performance are in line with expectations. Our revenue and gross profit margin both increased for the two months ended 31 August 2012 as compared to the same period in 2011. The increases in revenue and gross profit margin were due to the continued growth of our core businesses, the increase in revenue contribution from sale of products with higher profit margins, as well as the acquisitions we made since 31 August 2011. In September 2012, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting ten of our products. See page 129 to page 132 in "Regulatory Overview — Price controls" in this section of the prospectus. Our Directors are of the view that we had not experienced any material and adverse change subsequent to 30 June 2012 and up to the date of this prospectus.

GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK$12.74
Market capitalization of our H Shares(i)	HK$4,281.5 million
Unaudited pro forma adjusted net tangible asset per Share(ii)	HK$5.78 (RMB4.73)

(i) The calculation of market capitalization is based on 336,070,000 H Shares expected to be in issue immediately following completion of the Global Offering.

(ii) The unaudited pro forma adjusted net tangible asset per Share is arrived at after making the adjustments referred to in "Unaudited Pro Forma Financial Information" included in Appendix II to this prospectus and on the basis of a total of 2,240,462,364 Shares expected to be in issue immediately following completion of the Global Offering.

USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive (after deducting underwriting fees and estimated expenses, assuming the Over-allotment Option is not exercised) from the Global Offering, assuming an Offer Price of approximately HK$12.74 per Offer Share, being the mid-point of the indicative offer price range set out in this prospectus, will be approximately HK$4,071.4 million (or if the Over-allotment Option is exercised in full, approximately HK$4,695.6 million, assuming an Offer Price of approximately HK$12.74 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus). We adopt article 32 of the Hong Kong Accounting Standards for the accounting treatment of transaction costs, in which we assess the nature of each category of the listing expenses, and those incremental costs directly attributable to the proposed Global Offering will be accounted for as a deduction from the share premium of the newly issued shares following the Global Offering. Therefore, we expect that the listing expenses that should be charged to the income statement are insignificant.

As compared to the use of proceeds for our fundraising activities in the PRC, proceeds of the Global Offering will be used for more diverse purposes, which include research and development focusing on generic drugs with limited competition and generic drugs with high barriers-to-entry in the PRC and overseas, domestic and international acquisitions, and repayment of the principal and interest of interest-bearing liabilities. Unlike the previous fundraising activities in the PRC, part of the proceeds of the Global Offering will be used for activities outside of the PRC. We intend to use the net proceeds we receive from the Global Offering as follows:

Usage	Proportion	Description
Acquisitions and consolidation in the areas of pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services and diagnostic products and medical devices	48% or HK$1,954.3 million	In the PRC, we plan to acquire domestic pharmaceutical companies that offer technologies, products or business lines that complement our existing portfolio. We also plan to acquire pharmaceutical companies in therapeutic areas that have high growth prospects and/or those that have leading market positions in their respective areas. As we do not have a definite plan of acquisition to the Latest Practicable Date, we are open to any therapeutic area with high growth and a large customer base. Internationally, we plan to acquire (i) pharmaceutical companies that have a large presence or great potential in the PRC market, or (ii) those that have unique product portfolios, strong research and development capabilities as well as sales networks in the U.S. or Europe. Such overseas pharmaceutical companies are expected to help us to diversify product lines and increase our sales in the PRC and overseas. Our international acquisitions and expansion may expose us to additional risks. See "Risk Factors — Risks Relating to Our Businesses and Industries — We may not be able to successfully identify acquisition targets or complete acquisitions or integrate the acquired businesses" from pages 62 to page 63. We currently do not have any specific acquisition plans or targets and have not entered into any definitive agreements with any potential targets.

Usage	Proportion	Description
Funding for existing research and development projects, expansion of our research and development team and acquisition of new research and development projects	19% or HK$773.6 million	We will continue to focus on the research and development of innovative drugs, generic drugs with limited competition and generic drugs with high barriers-to-entry. These drugs require substantial technical know-how and research and development capabilities for a company to develop, heavy capital investment in new facilities for the manufacturing of such products as well as proficient technological expertise and skilled employees for the managing and operations of the manufacturing process. The research and development expenses for these generic drugs will primarily be spent on clinical studies to test the effectiveness of the drugs. We will also increase investment in the research and development of innovative drugs to support our long-term growth. Similarly, we will invest in the expansion of our research and development team and acquisition of new research and development projects if suitable targets are identified.
Repayment of a portion of our Group's principal and interest of interest-bearing liabilities	23% or HK$936.4 million	We expect to use the proceeds to repay the principal and interest of interest-bearing liabilities, which include loan facilities, mid-term notes and corporate bonds. Within one year prior to our Listing in October 2012, we issued corporate bonds of RMB1,500.0 million in April 2012, the proceeds of which are used to repay outstanding loan facilities and to supplement our general working capital. As at 30 June 2012, interest rates of the PRC domestic interest-bearing debts to be repaid range from 4.76% to 7.22% per annum, and the maturity dates of these liabilities range from the second half of 2012 to September 2018. We may also use the proceeds to repay the principal and interest of certain short-term commercial paper, in respect of which we are in the process of obtaining relevant government approvals, and which is expected to be issued before the end of 2012.
Supplementing our Group's general working capital	10% or HK$407.1 million	We will use the proceeds to consolidate our leading position in the healthcare industry and build up our Group's core market competitiveness by expanding our Group's business operations and strengthening our Group's marketing capabilities.

See "Future Plans and Use of Proceeds" starting on page 371 for details of our use of the proceeds from the Global Offering.

Fund Raising Activities

During the Track Record Period and as at the Latest Practicable Date, other than the Global Offering, we have completed or are in the process of completing the following fund raising activities: (i) we completed RMB1,000.0 million and RMB1,600.0 million offerings of mid-term notes in November 2010 and March 2011, respectively, and used most of the proceeds to repay outstanding loan facilities in the PRC and partially to supplement our general working capital; (ii) we completed a RMB635.4 million private placement of new A Shares in May 2010, and used the proceeds for the construction of new facilities to produce certain new pharmaceutical products such as recombinant human insulin, artesunate series and certain diagnostic products; and (iii) we had obtained CSRC approval dated 18 November

2011 on 23 November 2011 for issuing no more than RMB3,000.0 million of corporate bonds in various tranches and in April 2012, we issued the first tranche of corporate bonds in an aggregate principal amount of RMB1,500.0 million with a term of five years and an interest rate of 5.53% per annum. Part of the proceeds from the issuance may be used to repay outstanding loan facilities in the PRC and to supplement our general working capital. See "Future Plans and Use of Proceeds" starting on page 371 for more details of these fundraising activities.

As compared with the use of proceeds of the Global Offering, proceeds from these other fundraising activities are used mostly for construction of new production facilities and capacity expansion, repayment of loan facilities in the PRC and supplementing working capital.

RISK FACTORS

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterized as: (i) risks relating to our businesses and industries; (ii) risks relating to the People's Republic of China; and (iii) risks relating to the Global Offering. For further details, please refer to the section headed "Risk Factors" from page 55 to page 87 of this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, our Company is held as to approximately 48.20% by Fosun High Tech, whose entire registered capital is held by Fosun International. Fosun International is held as to approximately 79.08% by Fosun Holdings. Fosun Holdings is a direct wholly-owned subsidiary of Fosun International Holdings, which is in turn held as to 58%, 22%, 10% and 10% by Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, respectively. Each of Messrs. Guo Guangchang, Liang Xinjun, Wang Qunbin and Fan Wei, Fosun International Holdings, Fosun Holdings, Fosun International and Fosun High Tech is a Controlling Shareholder of our Company. Several of our Directors hold position within the Fosun Group. For details, please refer to the section headed "Relationship with Controlling Shareholders and Directors" from page 257 to page 268 of this prospectus.

Save for Fosun International's indirect interest in Shanghai Yuyuan, an insignificant part of the business of which is, among others, the manufacturing, wholesale and retail of modern Chinese medicines, Chinese herbal medicines, nutrition and healthcare supplements in the PRC, there is a clear business delineation between Fosun International and our Company. Fosun International is a large conglomerate with operations in the pharmaceuticals and healthcare, property, steel and mining sectors. Fosun International also participates in China's fast growing industries, including retail, services and financial industries through investments. As a subsidiary of Fosun International, our Company is the operational platform for the pharmaceuticals and healthcare business of Fosun International.

During the Track Record Period, we entered into a number of transactions with counterparties who will become Connected Persons of our Company immediately upon the Listing. Such transactions would constitute connected transactions and would continue after the Listing. For details of these transactions, please refer to the section headed "Connected Transactions" from page 269 to page 286 of this prospectus.